

**Structural Adjustment Programs and Human Rights: An Examination
of Current Research**

An Honors Thesis (HONR 499)

By

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Abstract

International Financial Institutions (IFIs) play an increasingly important role in the international economy. Experiencing the hardships of economic crises, nations are able to turn to these institutions for emergency lending and aid to stabilize their economies. However, these loans often come with conditions that often require but are not limited to austerity measures, trade liberalization, or currency devaluation. As more countries turn to IFIs for crisis lending, unintended consequences may occur, especially in the area of human rights. Research disagrees on if these programs and their subsequent conditions increase human rights violations, and if so, the extent these violations are increased. Two main arguments are present in current research. The first argues that structural adjustment programs do result in an increase in human rights violations, while the second argues that structural adjustment programs actually lowers human rights violations until the cost of repayment exceeds new loans. This paper seeks to examine both empirical arguments, and then present a critique of the current research on the topic.

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PROCESS ANALYSIS STATEMENT

The concept for this thesis first began my freshman year when I took Dr. Steven Hall's POLS 293 (International Relations) class. At the time, I was exploring my options for potential majors and took the class on a whim, thinking it was interesting. From there, I was introduced to the world of political economics. I was enamored with the theories of negotiation, the economic theories that guided international organizations and the conditions International Financial Institutions imposed upon nations seeking emergency loans. That same semester, I declared a Legal Studies major. Unfortunately, as part of that major, none of the classes that addressed political economics counted as electives for my major.

I still wished to explore this area of research and eventually was able to expand my knowledge through POLS 281 (Political and Economic Problems in Developing Nations) and POLS 493 (World Politics). In POLS 281, I was able to learn about developing nations and their experiences with structural adjustment programs and in POLS 493, I learned about how financial crises arose and functioned. I loved the material, and when the time came to construct and honors thesis I knew I wanted it to capture something regarding developing nations and financial crises. The first research question I attempted was if structural adjustment programs impeded growth in developing nations, but I quickly found that question was far too broad to use. Then, in conjunction with my thesis advisor, I attempted to formulate a new question. The second question regarded if structural adjustment programs decreased the real wage of trade union workers. However, after a literature review, it was found that there was not enough research on the topic to

move forward. At this point, I struggled to formulate a question that had both enough research and specificity to move forward to a formal literature review.

Then, I stumbled upon human rights related research. As a future law student, human rights were, and still are, an area that captures my interest both in terms of economics and in terms of law. It was a perfect combination of my interests outside of my major regarding economics and my interests within my chosen field regarding international law. I formulated a formal literature review soon after, and wrote a thesis that tied together topics I have learned about for the past four years, resulting in the culmination of interests both within and outside of my major.

INTRODUCTION

The World Bank and the IMF have served as “lenders of last resort” since their creation as part of the Bretton Woods Agreements in 1944. Since their creation, both agencies have endured much criticism about the possible consequences of their loan programs. Among these consequences is the possibility that government respect for human rights decreases in recipient nations as a result of structural adjustment programs—loan programs designed for nations in financial crisis as a result of bad policy. This question has become to subject of an empirical debate in literature, with arguments criticizing International Financial Institutions (IFIs) and arguments supporting them.

This paper seeks to examine and critique the arguments presented, and will be organized as follows: Section I will present context and background regarding the World Bank, the IMF, the process in which loans are given to recipient nations and why conditions are attached to these loans. It will also make note of the current attitude of researchers regarding these institutions’ responsibilities toward human rights. Section II will address the current theories surrounding the debate on the relationship between human rights and International Financial Institution agreements, and the subsequent conditions. Section III will present a summary of the conflicting findings of the empirical studies, while Section IV will examine the methodology used in these studies. Finally, the paper will conclude with a critique of the studies and a proposal to include game theory as a new piece of the empirical and theoretical puzzle.

I. STRUCTURAL ADJUSTMENT PROGRAMS: THE WORLD BANK AND THE IMF

International Financial Institutions, or IFIs, are an important aspect in today's financial markets. They are unique in the sense that both IFIs make loan disbursements primarily to nations experiencing financial hardships, oftentimes even financial crisis. While both the World Bank and the International Monetary Fund have similar functions, they go about their functions in a slightly different manner. Both implement structural adjustment programs on conditionality rather than collateral, and both possess a non-political mandate and a duty to take into account only economic considerations when making decisions on potential loan disbursements. The World Bank can be divided into two main programs, the IBRD or International Board for Reconstruction and Development, and the International Development Association. The IBRD is focused on assisting with reconstruction and ensuring both a balance of payments and a balance of international trade growth. The International Development Association, or IDA, is more focused on development and an increase in standards of living for less developed countries. (Bradlow, 1996).

International financial institutions exist in part to give emergency loans to nations experiencing shocks. However, there is a distinction to be made between random economic shocks and shocks that are a result of bad policy. The IMF, whose goal is to stabilize exchange rates in the international economic system, and the World Bank, whose ultimate goal is to reduce poverty, both use a quota system to help distinguish between random economic shocks and shocks

resultant of bad policy. Nations have a set reserve of international currency that they can draw from in the event of economic shocks that is based upon their economy. This loan reserve is their "quota". If a nation draws upon more than 25% of its quota, the international financial institution views the shock as a result of bad policy. From there, conditions are attached to ensure that the institution's loan will be paid. This conditionality comes in the form of structural adjustment programs, and can consist of a variety of different policy reforms. The reforms may depend on the type of structural adjustment programs implemented, which range from programs under the World Bank's IBRD or IDA, to programs under the IMF, like the Poverty Reduction and Growth Facility (PRGF), and Stand-by Agreements. In many of these agreements, fiscal austerity, tight monetary policies, and currency devaluation are common as a means to re-stabilize a struggling economy. (Vreeland, 2003). Structural adjustment loans are also not given out in their entirety once an agreement is reached. Instead, these loans are given on a regular basis given that the conditions a nation has agreed to implement are actually implemented. Should there be a lack of sufficient implementation, the institutions may withhold loans from recipient governments (Bradlow, 1996).

The World Bank and the IMF were created with limitations upon their power specified within their respective articles of agreement. Most importantly, although the World Bank and IMF are dedicated to improving development, they are limited in their mandates to focus only on the economic side of development. Both the IBRD and the IDA have language in their the articles of agreement that

states, "Only economic decisions shall be relevant to their decisions, and these considerations shall be weighted impartially..." (Article III Section 5(b), IBRD Articles of Agreement, Article III Section 5(b) IDA Articles of Agreement).

However, because the World Bank is a United Nations specialized agency, it does have a unique set of obligations and requirements that extend to its member states (Evans, 2013). Among these obligations are human rights respects that are specific to each member state, which the state retains even when its representative sits on the board of directors and is directly responsible for deciding loan disbursement recipients (Bradlow, 1996). The process of actually deciding potential recipients of World Bank Funding involves a weighted voting system, where weight is placed upon the amount of money a member state contributes to the World Bank's development funds. The weight of each member state's vote is proportional to its share of the development funds (Abouharb & Cingranelli, 2006). However, voting within the World Bank is rare. Instead, decisions are made through staff processes and are often made through general consensus rather than voting.

Unlike the World Bank and its subsidiaries the IDA and IBRD, the IMF is not a specialized United Nations organization. As such, the IMF has a significantly smaller human rights obligation. The IMF was established to assist with the regulation of the international monetary system and provide short-term aid to member states. When the IMF was established, though, the economic system at the time was still reliant a fixed exchange rate. Following the collapse of that system, the IMF's job became more complex. When the gold standard gave way

to the floating exchange rate, the IMF was forced to expand its “economic considerations” to include labor, health, and agriculture. These social factors, in a floating exchange rate system, could easily have an impact on the international financial system (Bradlow, 1996).

With both the World Bank and the IMF, representatives of the international financial institutions and representatives for the potential loan recipient governments negotiate with each other on behalf of their respective institution. (Abouharb & Cingranelli, 2006). Interestingly, during negotiations, the lack of transparency in what is defined as “economic considerations” the Articles of Agreement make allowable to be taken into consideration for loan disbursements can come as an advantage to the international financial institutions. These institutions are free to decide themselves which factors are “economic” and within their scope of power, and which would be considered “political” and, therefore, outside of their scope of power. They can use this discretion to decide which issues are available consider when creating and negotiating structural adjustment programs with potential recipient states. However, this advantage is quickly balanced out by member states having an informational advantage regarding the lack of guidelines on what issues fall under the jurisdiction of the international financial institution. Member states can assert superior knowledge of local needs and conditions to also achieve a better bargaining position for loan disbursements, and can further their own human rights agendas, for example the imposition or dissemination of certain social programs related to health, labor, agriculture and the like. If they are

successful in convincing the international financial institutions these issues could also be economic issues (Bradlow, 1996).

II. THEORETICAL ARGUMENT

Because the World Bank and the IMF give loans to countries experiencing financial difficulties or crisis, a primary concern for the institution is ensuring that the loans are eventually paid. As a result, reform is often demanded of nations who enter into loan agreements with an IFI. As tools for economic reform, structural adjustment programs are implemented with the expectation of change. These changes typically are directed at increasing the efficiency of a target country's economy via favoring market privatization, property rights, and free and competitive markets. (De Soysa, Vadlamannati, 2011). However, as part of the implementation of such policies it is possible unintended consequences may occur, particularly in the area of human rights. For example, implementation of structural adjustment programs result in riots, social program cuts, reduction in the public sector work force, all of which could result in subsequent human rights violations. Do structural adjustment programs result in an increase in human rights violations?

In pursuit of this question, two main arguments surfaced in literature. One argument indicates that structural adjustment programs do result in an increase in human rights violations. (Cingranelli & Abouharb, 2006, Mitchell & McCormick, 1988). Counter to this first school of thought, others argue that structural adjustment programs only increase human rights violations when the amount a country has in arrears exceeds that of new loans that are given by the international financial institutions. Prior to that, human rights violations actually decrease as a

result of structural adjustment programs. (Erikson & De Soysa 2009, De Soysa & Vadlammanati, 2011).

A variety of theories have been presented to explain the potential causal chains between structural adjustment programs and human rights, and both the potential positive and negative effects. Cingranelli and Abouharb identify both potential direct and indirect effects structural adjustment programs may have upon the government respect of human rights. Among the direct effects, structural adjustment programs may positively affect government respect for human rights as a result of structural adjustment programs' necessity for limitations upon the government. This idea rests upon the theory that limitations upon the government is at the core of all human freedoms, and in turn are to be imperative to human rights. By placing limitations upon governments, human rights, gain more governmental respect through the simple act of governmental restraint. This is especially evident in the area of physical integrity rights, a quantifiable measure of human rights. Physical integrity rights are the freedoms all individuals have from "arbitrary physical harm and coercion from their government" (Cingranelli & Richards, 1999). It is a measure of human rights that consists of instances of political imprisonment, disappearances, torture, and extrajudicial killings (Cingranelli & Richards, 1999). Political imprisonment, for example, could be diminished, even eliminated, if the government restrained from imprisoning individuals for political purposes. Structural adjustment programs could indirectly influence governments as a result of the conditionality it imposes, and the oversight that comes with conditionality. Because governments may be subject to some

oversight from the IFIs to prove they are implementing the agreed upon conditions, these nations may be less inclined to engage in human rights violations like political imprisonment and torture during this time. Structural adjustment programs, while not directly placing limits on repression, do place limits in other areas, resulting in the conditionality and oversight that still result in the restraint theorized to increase respect for human rights (Abouharb & Cingranelli, 2006). Additionally, limitations upon governments reduce barriers to the free market, removing restrictions that may prevent people from engaging in interests and opportunities that otherwise may not be possible if their freedom was restrained on behalf of an unlimited, or less limited, government (Abouharb & Cingranelli, 2006). Unfortunately, although economic freedom and political repression can coexist, Abouharb and Cingranelli do not address this possibility.

However, these structural adjustment programs are also known to generate “winners and losers”, those that benefit or lose benefits as a result of the program’s implementation. Cingranelli and Abouharb also address that the acceptance of structural adjustment programs, on a very basic level, require sweeping and comprehensive changes, especially behavioral changes among many people (Abouharb & Cingranelli, 2006). These changes could also generate winners and losers between those who benefit from the changes versus those who suffer. Losers are often prone to resistance as a result of their newfound negative impacts, and strong governments are required to contain that resistance. For example, policy changes in the form of austerity could, and likely would, result in a reduction of public-sector workers. Because many individuals would either lose their jobs or

take pay cuts, their spending would also decrease. In the case of Spain, a constitutional amendment was passed that forced its government to keep a balanced budget (Vargas, Ramos-Escamilla, Garcia, 2016). Naturally, humans instinctively resist change, therefore resulting in a primal resistance to the programs and the change demanded of them (Abouharb & Cingranelli, 2006).

How the government chooses to contain the resistance matters, though, as political leaders and de facto political leaders like those who may have gained power through a military coups, are more likely to use repression over reform if reform holds a possibility of a loss of power in the future. (Zack-Williams, 2013). Tanzania, for example, did not want to risk the severe conditions the IMF intended to attach to its loan. This likely would have resulted in severe dissatisfaction from Tanzania's citizens. Even though Tanzania desperately needed the loan, they ultimately rejected it (Vreeland, 2003).

Structural adjustment programs potentially negatively affect human rights. Because human rights is a broad category, current empirical research measures human rights through physical integrity rights, or the freedoms of individuals from political imprisonment, torture, extrajudicial killing, and disappearance. This is because these rights are much better quantified in comparison to other possible measures of human rights, including access to food, shelter, and clean water. However, many theoretical arguments for structural adjustment programs' relationship to possible human rights violations do take into account these access issues as indications of human rights violations. This is a result of the fact that

governments must have a substantial presence in the economy to ensure the protection of human rights (Abouharb & Cingranelli, 2006).

An example of the usage of access to food, clean water, and basic shelter as an indication of human rights can be seen in several theoretical arguments addressing the relationship between structural adjustment and human rights. In nations that had centrally planned economies, among the many aspects nations controlled were social programs. When international financial institutions intervened in these economies and restructured through structural adjustment programs, the resulting conditions had the market, not the government, determine the economy. This shift from a centrally planned economy to a market-determined economy also extended to social programs. Market forces controlled entitlement to everything, even basic human needs like food and shelter. National ownership of natural resources privatized and the private sector soon even delved into social assistance and financing to the poor. These changes left the private sector in charge of social programs and whether or not to provide assistance to vulnerable populations. (Thomas, 1998).

Another direct negative impact upon human rights may be that involvement in the economy is imperative in protecting human rights as measured by access to basic shelter, food, clean water, and by lessening governmental involvement in the economy through privatization mandated by structural adjustment programs, the protection of human rights diminish. For example, the elimination of government programs akin to food stamps would reduce access to food for many impoverished individuals. The lessening of government involvement could also set off a chain

reaction regarding governmental discretion and human rights using the measure of physical integrity rights. The lack of involvement with governmental leaders would result in a subsequent lack of discretion that would extend even to police officers and soldiers. This reduction in discretion would then translate in an increase in administrative discretion, which would result in a higher likelihood that human rights, particularly those that fall under the measure of physical integrity rights, would be violated.

However, De Soysa and Vadlamannati propose an alternate theory regarding change—instead, they indicate that nations that have higher rates of change toward economic liberalization and have higher levels of this liberalization should have less social dissatisfaction. Economic liberalization theoretically, would allow for people to naturally solve collective issues, like those of peace and security, by means of the “invisible hand.” It also results in an empowering of the average citizen through resting economic power in the market rather than the government. Economic liberalization would allow for power to be held by the people in the form of market decisions, and allow for a transfer of power to the citizens from the state. For example, new jobs can be created through entrepreneurship that could result in unskilled workers ascending into the middle class. This in turn would result in a lack of citizen dissatisfaction, because of the lack of dissatisfaction, less state-driven repression of human rights (De Soysa, Vadlamannati, 2011).

There are also a variety of positive and negative indirect effects theorized to affect human rights or the lack thereof. Neoliberal economic theory indicates that increased economic liberalization leads to higher levels of development. There have

been studies that show a relationship between wealthier countries and an increase in human rights respect. Wealthier states appear to be more stable than less wealthy countries because there is less competition over resources, and as countries increase in wealth, political efficacy and demand of the government increases. This is reflected through the establishment of institutions like political parties within a nation. Wealthier nations are also shown to lean on the democratic side of political institutions, again allowing for less social dissatisfaction and a subsequent increase in human rights respect. (Poe, Tate, Camp-Keith 1999).

This relationship then sets off a domino effect in the causal chain. If the structural adjustment program's implementation increases the wealth in a nation, as it is intended to do, then these nations should in turn increase their respect for human rights as an indirect result. Additionally, it has been shown that wealthier states are more democratic, and high levels of democracy have been seen alongside higher rates of human rights respect, which may come into effect should a structural adjustment program succeed in increasing a nation's wealth. However, a disconnect exists between the time in structural adjustment implementation and the benefits expected from structural adjustment. The effects claimed by this domino effect would likely not be captured in empirical studies, because the timeline for the long term effects of increased democracy would likely take place over the course of decades after the structural adjustment program. (Abouharb & Cingranelli, 2006, Mitchell & McCormick, 1988.)

The "trickle down effect" may also come into play when a structural adjustment program is implemented. The concept behind the trickle down effect

rests in structural adjustment programs' apparent distribution of wealth. Wealth accumulates faster at the top, and then once accumulated it will "trickle down" to help the vulnerable populations. The trickle down effect also relies on the neoliberal theory that higher economic liberalization will cause economic development, which will then result in higher respect for human rights. In fact, every positive indirect effect above relies on this basic theory to be successful. Cingranelli and Abouharb argue that although there has been ample time to show that rapid economic liberalization would result in higher levels of economic development, there is not evidence of the connection.

Then there is the trickle down theory, where economic gains of structural adjustment programs concentrate with the rich and ruling elites. The distribution of wealth should eventually flow to vulnerable populations, however there is also the possibility that the rich and ruling elites retain all of the gains from the structural adjustment programs., and these gains never actually flow down to the vulnerable populations. These elites then displace the burden imposed by these programs to the vulnerable populations, who are typically poor and lack political power to resist (De Soysa, Vadlamannati 2011). This theory of "trickle down" is illustrated through the case of Pakistan in the late 1990s and early 2000s. Being a largely agrarian economy, the structural adjustment program implemented in Pakistan focused on putting Pakistan in a better position to compete with other nations in international trade through producing what was most economically advantageous for them. In this case, Pakistan's economic advantage relative to other nations was cash crops.

Additionally, the program also closed a variety of industries in the public sector and removed some subsidies on utilities and foodstuffs. However, not only was Pakistan an agriculturally based economy, it also held a feudal based structure within its society. According to the 2000 Agricultural Census, only 37% of the rural population owned land, with only 2% of that population owning 50 acres or more, which amounted to 30% of the overall land. According to HIES data, 33% of cultivated land was under a landlord-tenant relationship and 18% was sharecropping (World Bank, 2007). The vast majority of land ownership was concentrated to an elite few. These elites enjoyed the benefits that came with encouraging the production and trade of cash crops, but the average citizen and the poor and vulnerable suffered through the repeal of subsidies and public industry without the agricultural benefits to offset that cost (Bhutta, 2001).

Potential explanations for indirect negative effects of structural adjustment programs also rely on a larger theoretical support. In order for these explanations to be possible, support must exist that rapid economic liberalization results in a decrease in respect for human rights. Cingranelli and Abouharb maintain that unlike the indirect positive effects, the theoretical basis for the indirect negative effects has plentiful empirical evidence to support it. The first of the negative indirect effects is that structural adjustment programs have a disproportionately burdensome effect on vulnerable populations, particularly those of women, children, public sector workers, and low wage workers. These individuals are often those who rely on the state for support, often through programs that are the first targets for budget cuts as part of austerity measures demanded through structural adjustment agreements

with the international financial institutions. This is largely the result of what Zulfiqar Ahmed Bhutta claims is a lack of oversight from the international financial institutions because these institutions only meet with nation leaders four times a year to discuss conditions. However, this theory of a lack of oversight directly conflicts with the theory that increased oversight may result in a lack of human rights violations. When an agreement is made, governments are often free to decide where to place the cuts in its expenditures and aside from quarterly review; the international financial institutions do not pay specific attention to the nation (Bhutta, 2001). In an effort to retain power, these governments will gravitate towards programs that will not jeopardize a reelection. Welfare programs benefit the poor and vulnerable populations, a majority of whom do not, or cannot, lobby for the preservation of social welfare programs. Because there is a lack of organization to lobby policymakers, austerity measures will often result in cuts to social welfare programs (Nooruddin, Simmons, 2006). Ireland, for example, cut its welfare programs in 2009 and 2010. The cuts resulted in significant decreases to child benefit payments, caregiver allowances, and single parent supplements. In the same years, Ireland also cut public sector pay and social security payments (Hardiman, Regan 2013). Sub-Saharan Africa endured significant cuts to education in the 1980s and 1990s. Tanzania, for example, suffered a cut from 11.7% to 4.8% in education expenditures (Zack-Williams, 2013).

It is also noted that the type of rapid economic liberalization demanded by structural adjustment programs in fact can breed domestic conflicts (Dreher, Gassebner, 2012). This is because structural adjustment programs necessitate

governments pass unpopular policies in order to receive international financial institution aid. These policies inevitably result in greater burdens particularly on the most vulnerable and most reliant on social service programs for their basic needs. When these programs suffer and/or are cut as a result of austerity measures, these citizens engage in protest against these reductions, even at times resorting to violence. One of the options governments have to handle these protests and the general opposition of the people is through repression. For example, in Spain during the aftermath of the 2008 debt crisis, the Spanish people took to the streets in protest, and the Spanish government responded through repression. The right to protest, even peacefully, was suspended and fines ranging from 30 to 30,000 euros were given to those who did not comply. Notably, the press was not always exempt from this fine, also resulting in a repression of freedom of the press to fairly cover such protests in the news (Vargas, Ramos-Escamilla & Garcia, 2016).

When tackling the question of ethnic conflicts, though, some studies also indicate that structural adjustment programs may also lower ethnic tensions instead of increasing them. These studies propose that the conditions required by international financial institutions, when combined with high social fractionalization, lower tensions between ethnic groups. Structural adjustment programs, because they allow for access to loans in tandem with policy reforms and guidance. Emergency funding in the form of structural adjustment loans may allow for countries to avoid or mitigate crisis by stabilizing their economies and implementing conditions necessary for the elimination of bad policy, which would also allow for citizens to avoid the effects of that crisis. Citizens of the minority

ethnicity may favor intervention from an impartial third party as opposed to the ethnic ruling majority, due to a lack of perception that they may be discriminated against on the basis of their ethnicity. (Vadlammanati, Ostmo, De Soysa, 2014).

The increase of conflicts within a state also hinders democratic development, which as stated above has been empirically shown to have a positive relationship with human rights respects. Structural adjustment programs force democracies to make difficult, and often-unpopular decisions that will be often met by the opposition of the people. Requiring the implementation of policies that the people, whom democracy is supposed to represent, oppose puts international financial institutions in a position where they are essentially circumventing the point of a democracy. (Dreher, Gassebner, 2012, Thomas, 1998, Abouharb & Cingraneli 2007). Structural adjustment programs may exacerbate the weakening of democracy by not only forcibly implementing policies the people oppose, but also because implementation of unpopular reform requires a government that can withstand the inevitable dissatisfaction. In order to withstand citizen dissatisfaction, governments must have a certain amount of political power to stifle the opposition to the policies. In order for a structural adjustment program to be successful, the government must be able to overpower the resistance to its policy changes. In the case of Nigeria and Guinea in the 1980s and early 1990s, structural adjustment programs appeared to reinforce authoritarian tendencies because the states elected to repress human rights to retain the power it needed to implement its reforms. (Ibhawoh, 1999). Because implementation of structural adjustment policies only needs the approval of the executive branch of a government, it is possible to

unilaterally sign an agreement with the IMF or World Bank, again potentially reinforcing authoritarian tendencies (Vreeland, 2005).

In the case of Spain, the 2008 debt crisis caused a marked decline in the Spanish economy, and eventually resulted in Spain undertaking a structural adjustment program in 2010. As part of the program, Spain enacted a variety of policy reforms that were extremely unpopular with its citizens, including pay cuts to social servants, suspending the right to free healthcare to illegal immigrants, a substantial reduction in homeless shelters, a variety of labor reforms in both 2010 and 2012, the most recent of which allowed for firms to opt out of collective bargaining agreements with unions regarding reduced compensation and fair dismissal, and over 325,000 layoffs since 2010. (Vargas, Ramos-Escamilla & Garcia, 2016).

III. SUMMARY OF FINDINGS

The question of the relationship between IFI structural adjustment programs and human rights is, by nature, an empirical one. Within the empirical studies, two main results emerge. The first finding is that structural adjustment programs resulted in a decrease in human rights as defined by physical integrity rights. Physical integrity rights are the freedoms all individuals have from “arbitrary physical harm and coercion from their government” (Cingranelli & Richards, 1999). It is a measure of human rights that consists of instances of political imprisonment, disappearances, torture, and extrajudicial killings (Cingranelli & Richards, 1999). The second result indicated that although there was a time when a decrease in physical integrity rights occurred, specifically when the arrearage a nation owed

was more than what new programs were giving to other nations, before this point structural adjustment programs actually increased government respect for human rights violations.

Mitchell and McCormick (1988) find that in terms of theories, the simple poverty theory is more likely when considering the rates of political imprisonment, one of the measured aspects of physical integrity rights, the standard measure of human rights within research regarding the relationship between human rights and structural adjustment programs. The theory states an inverse relationship between wealth and human rights violations. The poorest countries are the most prone to repress human rights because the government seeks to maintain order in the face of the social and political challenges presented as a result of economic scarcity. They find that the richer a nation, the less that nation tends to have political prisoners. Additionally, they find that when comparing the age of a country versus its background as a former colony or not, background as a colony has more of an impact on human rights violations, and that political imprisonment is the most commonly violated physical integrity right. However, Mitchell and McCormick find all of the tests run resulted in "weak to moderate" support for their hypotheses, leading the two to conclude that none of their explanations were "complete", partially as a result of a need for more multivariate analyses for the variety of alternative explanations of what may cause human rights violations within a nation. (Mitchell & McCormick, 1988).

Seven years later, through the usage of a dummy variable to measure reform, Abouharb and Cingranelli found that their results strengthened past studies in the

area of structural adjustment programs and human rights respect. All other conditions remaining the same, nations that did not enter into or currently have a structural adjustment program had a probability of torture at 5%. This probability increases to 31% for countries that did enter into and implemented structural adjustment programs, a major increase of 26%. Additionally, interstate conflicts were found to be an insignificant indication of government respect for human rights and entrance into structural adjustment programs. However, it was found that nations that received World Bank assistance in the form of a structural adjustment program decreased government respect for all five categories physical integrity rights once the p-value reached .11 for political imprisonment. Prior to that measure, it is statistically insignificant. (Abouharb & Cingranelli, 2006)

Countering these empirical results, Erikson and De Soysa, using the Economic Freedom Index or EFI to measure reform, found that the total debt of a nation decreases physical integrity rights, but even when placing all variables at their respective means and raising debt by its highest value, human rights respect would only decrease by one point in the scale. This value in and of itself is noted to be highly unrealistic and "quite a bit lower" than the effect of being indebted in comparison. They also find oil exports to have a highly statistically significant relationship to government repression of physical integrity rights, where nations with high oil exports also tend to have a high probability of repressing physical integrity rights. The importance of the loan mattered as well, where an increase in importance was seen alongside a decrease in violations of physical integrity rights (Erikson & De Soysa, 2009).

Alongside these results came the observation regarding arrearage and payback. Once these were taken into consideration both IMF programs and the World Bank's IDA programs were found to have negative effects on physical integrity rights. Governments that had higher amounts of arrearage had less respect for physical integrity rights, especially in the case of the IDA, where IDA payback periods resulted in the largest effect on human rights violations (Erikson & De Soysa, 2009).

A year later, De Soysa and Vadlammanati found that the direction of causality is unidirectional when looking at structural adjustment programs and government respect for human rights. In a pure statistical test, they found that positive economic reforms appeared to cause increases in respect for human rights, and that the opposite, that increases in human rights respect cause an increase in economic reforms is not the case. The results also indicated that free market policies had a strongly positive effect on human rights, and that through the ordinary least square regression employed in their model, there was a 39% increase in respect for physical integrity rights with standard deviation increase. There was also a positive relationship with an increase in GDP and an increase in human rights, as well as a negative relationship between population size and human rights, where larger countries had less respect for human rights in the form of physical integrity rights. Interestingly, there was a significant relationship between ethnic fractionalization and government respect of physical integrity rights, where higher rates of ethnic fractionalization resulted in more respect of physical integrity rights. Conflicts did

cause less respect for physical integrity rights, while reforms increased human rights conditions in nations that had lower levels of respect to begin with.

IV. METHODS

Between the two main empirical arguments regarding if structural adjustment programs increase violations of human rights rests a debate in methods. In some cases, reform is measured through a dummy variable indicating that a structural adjustment program was present in a particular nation (Cingranelli & Abouharb 2006, Cingranelli & Abouharb 2007, Mitchell & McCormick 1988). In other cases, reform is measured through the Frasier Institute's Economic Freedom Index, or the EFI. Unlike dummy variables, the EFI allows for a more comprehensive approach to measuring reform because it incorporates expenditure and tax reforms, property rights and legal reforms, trade reforms, reforms involving sound money, and labor, business and credit reforms (De Soysa & Vadlammanati, 2011, Erikson & De Soysa 2009). This particular method comes with its own limitations; the data used was limited as a result of EFI data not being available for all years presented in the CIRI human rights index, which was used to measure the violations of human rights in the study.

Nearly every modern empirical study on this question, however, has some overlap in methodology. The Cingranelli and Richards, or CIRI, dataset is employed to measure human rights violations. The CIRI dataset is a cross-national time series dataset that measures a government's respect for human rights through physical integrity rights. These rights include torture, political murder, disappearance, and political killing. The dataset is comprised of 29 nations, including all geographic

regions and political systems, each with a population size of over 750,000 people in 1981. Its years ranged from 1981 to 1996 in three-year intervals. Eleven percent of these nations were considered to be fully developed, while the remaining 89% were classified as developing nations. Each nation was scored on a scale of 0-2, with 0 representing frequent human rights violations and 2 representing no violations.

In addition to the usage of the CIRI dataset to measure human rights violations, nearly every study also incorporated the use of OLS regression to arrive at its results. Using OLS regression, each study employed its own techniques to control for endogeneity bias and to check for robustness of the data. Erikson & De Soysa use a combination of an AR1 process and alternative tests using Newey-West standard errors. In addition, each model in the study was tested with and without lagged dependent variables to address both autocorrelation and the possibility that political leaders use their past decisions regarding repression as a reference to decide whether or not to repress human rights. (Erikson & De Soysa, 2009).

This implementation of the lagged dependent variable was again used a year later in De Soysa and Vadlammanati's study of structural adjustment programs and human rights violations, which also incorporates GDP per capita in order to control for the effects of development within nations. It further includes data from the ERS dataset to control for economic growth rates. Other variables controlled for include a log of the total population, measure of regime type, degree of ethnic fractionalization, and an inclusion of a dummy variable measuring civil conflict that triggers a 1 if deaths are more than 25 as a result of armed conflict, 0 if not. Additionally, to control for the possibility that legal heritage may influence a

nation's decisions to repress or not repress human rights another dummy variable is employed. It triggers a 1 if a nation's legal heritage derives from the UK, France, Germany, Scandinavia, or Socialism. If a nation derives its legal heritage elsewhere, it is given a value of 0. To address the issue of direction of causality and endogeneity, De Soysa and Vadlammanati use a dynamic model of Granger causality. As part of this model, one variable is considered to cause another if the past values of the former variable help explain the latter after the latter's influence is already taken into account.

Shifting to the methods used by Abouharb and Cingranelli, dummy variables are used to measure reform. Control for the endogeneity bias rests in a bivariate probit to account for the possibility that the direction of causality is in fact mutual, meaning human rights practices may affect which nations receive loans as much as loans may cause human rights practices to either rise or fall. A bivariate probit, however, requires the usage of dichotomous dependent variables for both stages of its determination. Because of this requirement, Cingranelli and Abouharb were forced to shift from the CIRI data set's three-point measure of physical integrity rights to a two-point measure of physical integrity rights. Cingranelli and Abouharb also note that there is variation on the effectiveness of these programs due to regimes not always fully implementing structural adjustment programs. Controls for democratization, wealth, population size, civil conflict, and alliances for major donors to IFIs are also all controlled for within the model used by Cingranelli and Abouharb. (Cingranelli & Abouharb, 2006).

V. CRITIQUE

However, there are weaknesses to all of the empirical studies that seek to answer the question if structural adjustment agreements increase human rights violations. Abouharb and Cingranelli's usage of a binary variable for measuring reform resulted in their finding that structural adjustment programs increase human rights violations. Their measure of reform consisted of a dummy variable that set to 0 in the years reviewed that had no presence of a structural adjustment program and a 1 for the years that a structural adjustment agreement was made. While the dummy variable used is simpler than using an index akin to the Economic Freedom Index, it also runs the risk of oversimplifying reform enough to skew results. It is this exact issue that led De Soysa and Vadlammanati to use the Economic Freedom Index, or EFI, which is comprised of 5 sub indices that are characterized through 35 object indicators to measure reform. The sub-indices are divided into reforms related to access to sound money, labor, business, and credit reforms, trade reforms, property and tax reforms, expenditure and tax reforms, and property rights and legal reforms. This usage of a series of sub indices covers reform more broadly and takes into account the aspects of reform that comes from conditionality. This should allow for a more accurate picture of a nation's actual reform measures—for example, one nation's conditionality may incorporate agricultural concerns, while another's may not, but the fact that the index has an interval measurement could also give a false impression of the relationship between its variables.

Reform is not the same for every country, and as a result different reforms may result in differences in human rights practices within that country. It is unreasonable to use a dummy variable with a division only measuring years where reform agreements were made, because reform is a broad category with many individual variables that go into what actually constitutes a particular "reform." The division presented by the dummy variable cannot fully capture the theoretical concept because it does oversimplify reform to the point that Abouharb & Cingranelli's results would be unable to fully encompass the variation of conditionality that each individual country may experience. In terms of the index, it is reasonable to consider the index variable, in this case, structural adjustment programs, as interval level data. In this case, measuring the extent of structural adjustment programs matters because different countries have different extents of conditionality and implementation of these programs—a nation may agree to one thing, but implement only a portion of its agreement. Using an index that codifies how much structural adjustment was present would therefore reveal more accurate results, but only if the intervals would match the differences in reform, which may not always, be the case.

De Soysa's and Vadlammanati's findings appear in line with Alfred B Zack-Williams, in that the reforms generated as a result of IFI structural adjustment programs generate both winners and losers. These losers are the most likely to resist, possibly violently, to the reforms. Notably, while all of these studies touch on the concept of game theory, be it through the generation of winners and losers or the recognition that IFI structural adjustment programs' implementation through a

two-level bargaining game, none directly address the theory within their studies (Abouharb & Cingranelli, 2006, Zack-Williams, 2013).

Game theory should be addressed when looking at the relationship between human rights violations and structural adjustment programs. The conditionality imposed as a result of these programs, which in turn is an apparent cause of these violations, is the result of bargaining between the International Financial Institutions and the potential recipient governments (Conway, 2004). Participation in IMF programs, for example, is largely comprised of a series of interwoven decisions that are made over time between the recipient government and staff and/or directors of the IMF. During this time, recipient governments must consider the costs and benefits of entering into an IMF agreement, while the IMF considers the recipient country's ability to implement the reforms it thinks are necessary conditions for bringing that nation's economy back into balance with the rest of the world (Conway, 2004).

When looking at the bargaining between the international financial institutions and the potential recipient governments, a two level game emerges. This is briefly addressed by Abouharb and Cingranelli, but does not offer much in ways of explanation (Abouharb & Cingranelli, 2006). The two level bargaining game between the state, the international financial institution, their creditor states, and the state's constituents matters within the context of human rights violations because states are often seen to favor "politically easy" targets for austerity. Part of this tendency to target austerity at programs dedicated to aid the most vulnerable populations could result from the fact that states are caught in between its desire to

satisfy both the international financial institution and its constituents. What may appear rational at one level of the game could be an unfeasible political move at the second level.

The state also runs two significant risks. If it refuses to implement conditions set by the international financial institution, it could ostracize itself from the institutions and find itself at the receiving end of IFI retaliation. This could take a variety of forms, including the cessation of loans all together. However, should the state take the opposite approach and implement conditions that could potentially harm its constituents, the state then runs a domestic risk of retaliation from those who are negatively affected from the conditions. These groups could mobilize and protest against the government, going as far as to risk the government's power (Lehman & McCoy, 1992, Rene-Vargas, Ramos-Escamilla, & Garcia, 2016).

In the case of debt crises, the state is forced into a more precarious situation. Should it choose to favor its constituents, the cessation of loans is a much more severe consequence, and its bargaining power is diminished. Should it choose to favor the international financial institutions, the bargaining power of the people is significantly increased, again resulting in a lack of power from the state. While the choice to impose debt burdens through austerity onto a government's constituents does give positive outlooks on capital and overall growth, it also gives a choice to the labor and capital sectors of that government. As the government decides where austerity cuts will go, labor and capital are given the choice to either accept or reject these measures when they are imposed upon them. Should they choose to reject the austerity measures, it is possible that the resistance could result in forcibly

positioning the government into an involuntary defection from its structural adjustment agreement with its respective international financial institution (Lehman & McCoy 1992).

The studies that ignore how bargaining and game theory plays in the negotiations for structural adjustment program conditions also ignore a vital part of the relationship between these program conditions and human rights. Measuring reform through a dummy variable oversimplifies the concept of reform to a point where the data is inaccurate because it does not encompass the variation that exists within reform, but even an index like the EFI would only provide a piece of the puzzle. Both of these limitations could expose an endogeneity bias within the studies, which would render the results meritless. Game theory has to be taken into consideration; because the conditions claimed to be the driving force to causing these human rights violations are determined through bargaining and negotiations. Cingranelli and Abouharb fail firstly in their measure of reform, and secondly through their lack of attention to these negotiations. As a result, not only is their measurement of reform inappropriate for the study because the data would consider all reforms to either cause or not cause human rights violations, but also their results would be artificially inflated towards the conclusion that structural adjustment programs result in higher human rights violations.

By ignoring game theory and negotiations, Cingranelli and Abouharb are also ignoring the possibility that potential recipient nations may actually want the conditions imposed through structural adjustment programs. There could be a variety of reasons why a nation would wish to have IFI intervention outside of

necessity, be it to have a third party to blame for unpopular reforms or to have a third party to assure investors that the nation is capable of and working toward financial reform. Using an IFI structural adjustment program to pass unpopular reforms, theoretically, would result in more opposition from the people without an IFI agreement, otherwise the government would not have the incentive to enter into the agreement for this purpose. Less opposition, then, should result in less human rights violations committed by the governments.

Ignoring the impact of negotiations between the IFIs and their potential loan recipient governments also ignores the possibility that some political influences may, either consciously or unconsciously, come into play when giving conditions for structural adjustment programs. There are bodies of literature addressing the question if IFI's are more likely to give relaxed conditions to allies of major contributory states like the United States (Dreher & Jensen, 2007, Fleck & Kilby, 2006, Momani, 2004). Nations that have previously failed structural adjustment programs are often given new programs with less conditions attached, so according to these studies, should also have less human rights violations following the implementation of fewer conditions. However, with a binary measure of reform this nuance would be unable to be determined because it would simply indicate that another agreement was made. Even in the case of the EFI index, which was used by De Soysa and Vadlammanati, the index only indicates which types of reforms may have been made, not how these were chosen. Therefore, the issues of political influence and a nation's potential preference for a structural adjustment program and by extension, IFI imposed conditionality remain.

Within the scope of human rights violations, game theory may be able to answer the question why governments tend to favor cuts to the most vulnerable members of society. Given the above situation of the state, it would make sense that the state chooses targets for austerity that are the least likely to experience resistance, even if the reason for this lack of resistance is that members affected are either too poor or too disadvantaged to protest the newly imposed measures. Without an examination of the relationship between human rights violations and structural adjustment programs through game theory, the studies are incomplete in their theories into the "why" human rights violations appear to increase, either overall or to an extent, in nations that implement structural adjustment programs. Empirically, Abouharb and Cingranelli lack in an accurate and appropriate measure of reform, because a dummy variable triggering a 1 for years a nation made a structural adjustment agreement does not take into account how the agreement was made, the conditions in which the agreement was made, and/or if there was an effect from a prior agreement the nation had with an IFI. The studies examined also appear to have results that may show structural adjustment programs result in more human rights violations than actually are present, because none of the studies address the bargaining and negotiations that give rise to the conditions that nations agree to abide by in exchange for the loan money provided. Without this discussion, studies on the implications of structural adjustment programs upon human rights would be inevitably incomplete.

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- ARTICLE III SECTION 5(b), IDA Articles of Agreement.
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